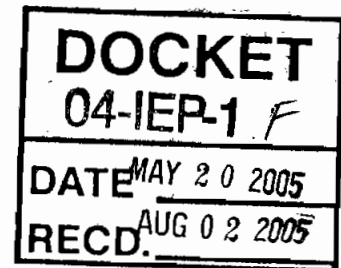


May 20, 2005

California Energy Commission
Dockets Unit
Attn: Docket No. 04-IEP-1F
1516 Ninth Street, MS-4
Sacramento, CA 95814-5512



RE: 2005 Energy Report: Comments on Corridor and Strategic Transmission Planning Workshop

The following comments are being submitted for the record by the League of California Cities (LCC), the California State Association of Counties (CSAC), and the Regional Council of Rural Counties (RCRC). We appreciate the opportunity to provide a local government perspective on this important issue. We are, however, concerned that the workshop was not adequately noticed so that those interested local governments and others who may be impacted in the future had the opportunity to participate. Further, it is unfortunate that the process of securing public comment from interested parties through the IEPR process is lagging behind the California Energy Commission's (CEC) sponsorship of legislation on the topic.

The questions posed for discussion at the Thursday, May 19, 2005 workshop were:

1. Does the proposed corridor identification process described in the background paper meet stakeholder, state and local agency, and public concerns and needs for state-led transmission planning? If not, what would you propose?
2. How should the collaborative approach recommended in the 2004 Energy Report Update be structured?

Our collective response to these two questions follow:

Does the proposed corridor identification process described in the background paper meet stakeholder, state and local agency, and public concerns and needs for state-led transmission planning?

From the local government perspective, our answer is NO, the proposed state-led corridor identification process described in the staff background paper does not meet city and county and the public's concerns and needs relative to the establishment of transmission corridors.

While we fully support the state undertaking the assessment of transmission corridor needs to identify where future transmission expansion projects are anticipated, we do not agree that the CEC should then "designate" these transmission corridors as proposed in SB 1059 (Escutia). It

is difficult to reconcile the purported desire of the CEC for a collaborative approach to transmission corridor planning with the top-down, heavy-handed approach in the bill.

SB 1059 would preempt local land use authority by requiring local governments to amend their general plans to be consistent with the CECs designation of transmission corridor zones (TCZs). As a result, local governments would be required to amend their general plans whenever a corridor is designated or de-designated. General plan amendments are costly, ranging from \$100,000.00 to \$500,000.00 depending upon the size of the jurisdiction and complexity of the amendments. This requirement would force cities and counties to use precious resources that could otherwise be used for other local planning priorities, notwithstanding Section 3 of the bill.

In addition to the significant cost to local agencies as a result of the proposed mandatory general plan revisions, the state designation of a TCZ raises the question of what are compatible local land uses or local permitted projects within the TCZ. Our organizations are greatly concerned about the potential of regulatory takings lawsuits filed against local governments by disgruntled landowners. While such actions may not prevail, local governments would be forced to absorb the costs of defending against such actions.

As currently drafted SB 1059 would authorize the CEC to impose upon local governments TCZs in a way that would tie up the future uses of the land without adequate property owner notification. Our organizations maintain that notice must be provided by the state to the owners of the property who would be impacted by the identification of and/or designation of a TCZ.

The provisions of SB 1059 appear contrary to the intent of the 2004 IEPR Update. That document (Chapter Three, Transmission Planning) states "...the success of a state-wide transmission planning effort will depend to a significant extent on our ability to engage the active participation of.....**and the residents who live in areas where these infrastructure investments are being considered.**" (emphasis added) How can the state truly engage the active participation of the impacted property owners without adequate property owner notification? Our organizations support notification to each property owner within the proposed TCZ.

In addition, it is unclear to us as to how wide the proposed TCZs would be. In the 1989 staff report titled *Electric Power Line Permitting in California*, a transmission line corridor is described as a strip of land varying from two to five miles in width! We recently made an inquiry, and there apparently is not yet an "official" answer to the question as to what the CECs current thinking is in regards to the width of a TCZ. SB 1059 is silent on this important issue.

Regardless of the width, a designated TCZ would tie up large swaths of land for an undetermined length of time without landowner compensation. Once a TCZ is "designated" by the CEC the landowner's options as to the use of their property is limited until such time as a decision is made to actually site a transmission line or the CEC determines that the TCZ is no longer needed and revises or repeals the designation. Long-term statewide planning for needed infrastructure improvements to benefit all the state's residents should not place this uncompensated burden on individual landowners who are within a TCZ. Our organizations believe that if a TCZ is designated by the CEC that the landowners should be compensated in the form of an option to purchase, the purchase of the land, or the acquisition of an easement.

The 2004 IEPR Update proposed that utilities be allowed to “....set aside necessary land costs in ratebase for future use” so that “....land or easements necessary for future transmission lines can be acquired by utilities.” In addition, it was recommended that the CEC and CPUC should “eliminate current limitations on the utilities’ ability to acquire and hold the cost of lands in their rate bases for longer period of time.” Why are provisions which would provide funding for landowner compensation not included in SB 1059?

If not, what would you propose?

The LCC, CSAC, and RCRC believe that the Statewide Transmission Corridor Plan should be prepared by the CEC in consultation with the California Public Utilities Commission (CPUC), California Independent System Operator (ISO), transmission owners, local and federal agencies, affected landowners and the public. We do not have a formal counter proposal, but offer the following concepts for consideration and discussion.

A draft plan should be compiled that identifies existing corridors to be expanded or upgraded, and potential new corridors that may be needed over 10 and 20 year periods. An initial 10 year designation could be renewed for subsequent 10 year intervals. The draft plan should also provide that the TCZ could be revised as needed. The draft plan should be circulated for review and comment, and a final plan should be adopted at a publicly noticed meeting. The draft plan should include language which provides that the TCZ is not to exceed “x” feet in width.

The Statewide Transmission Corridor Plan should integrate CPUC, ISO and local agency plans to integrate renewables, increase import capabilities, and accommodate load growth. The CPUC has a Renewable Transmission Plan prepared pursuant to PUC Section 383.6 which should be integrated into the Statewide Transmission Corridor Plan. Fully integrating the ISO and other existing planning processes would facilitate increasing the state’s import capability. Utilities and local governments should work together cooperatively to plan for load growth. To this end, the utilities could work with local governments during general plan updates to determine the amount, location and timing of future growth and the energy infrastructure needed to serve that growth.

The CEC should provide the Statewide Transmission Corridor Plan to all the affected cities and counties, and to the public. Prior to approving development on lands within a designated TCZ being held for future use a city or county should make a finding that the proposed development is not inconsistent with the purpose of the TCZ. Landowners within a TCZ should receive just and reasonable consideration for lands “held for future use”.

How should the collaborative approach recommended in the 2004 Energy Report Update be structured?

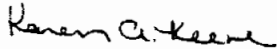
Relative to the “collaborative” approach proposed in the 2004 Energy Report Update, this document states “...the success of a state-wide transmission planning effort will depend to a significant extent on our ability to engage the active participation of local government, public interest groups, and the residents who live in areas where these infrastructure investments are being considered.” Our organizations agree.

The CEC staff workshop background paper proposes to establish a Corridor Study Group comprised of interested stakeholders, including load serving entities, federal agencies, California

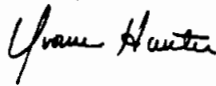
Native Governments, the LCC, CSAC, and various organizations representing local interests such as Northern California Counties Supervisors Association and the Southern California Association of Governments. The Corridor Study Group would according to the staff background paper "...assist the Commission in the IEPR cycle by providing input and identifying major physical and institutional issues associated with identified corridors, as well as actions to resolve such issues." Our organizations sincerely appreciate the inclusion of these organizations representing local interests as members of the proposed Corridor Study Group to provide input to the CEC. However, we believe that this proposed Corridor Study Group should not be viewed as a substitute for local planning agency and local public involvement when it comes to identifying specific transmission corridors and routes.

In conclusion, we appreciate the opportunity to comment on this important topic. Our three organizations would be pleased to be a conduit in reaching out to cities and counties to inform them of future CEC workshops, transmission corridor proposals, etc.

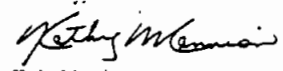
Sincerely,



Karen Keene
CSAC



Yvonne Hunter
LCC



Kathy Mannion
RCRC

cc: Senator Excutia
Secretary Mike Chrisman, Resources Agency
Dennis Albiani, Office of the Governor, Legislative Unit
Pat Dando, Office of the Governor, Local Government Director
Members, California Energy Commission
Office of Planning and Research